

ORIGINAL  
Signed  
Copy  
for Finance

DOUBLE R HOLDINGS LIMITED

DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS

for the year ended  
31 December 1994

Company Number 2773587

BINDER HAMLYN



---

**DIRECTORS**

J M Ryan  
L T Rydstrom  
J N Burton

**SECRETARY**

N J Curry

**REGISTERED OFFICE**

"Lynwood"  
Greenwalk  
Bowdon  
Altrincham  
Cheshire WA14 2TQ

**AUDITORS**

Binder Hamlyn  
Bank House  
9 Charlotte Street  
Manchester M1 4EU

**BANKERS**

Barclays Bank PLC  
PO Box 550  
St Ann's Square  
Manchester M60 2PX

**SOLICITORS**

Smithson Docherty  
79 Mosley Street  
Manchester M2 3LT

**DIRECTORS' REPORT**  
for the year ended 31 December 1994

---

**FINANCIAL STATEMENTS**

The directors present their report and group financial statements for the year ended 31 December 1994.

**DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The company is an investment holding company. The principal activity of the group is in the field of cosmetic surgery, therapy and hair replacement.

During the year as part of a general reconstruction the company acquired the whole of the issued ordinary share capital of:

- Bio Cosmetic Laboratories Limited
- Focus Marketing Limited
- Grosvenor Supplies Limited
- Hale Holdings (Cheshire) Limited
- Transform Marketing Limited
- Transform Medical Group Limited

The trades of Bio Cosmetic Laboratories Limited and Focus Marketing Limited were not considered to be core businesses and consequently the shareholdings in these companies were disposed of subsequent to the year end.

**DIRECTORS' REPORT**

for the year ended 31 December 1994 (continued)

**RESULTS AND DIVIDENDS**

The group profit for the year after taxation amounted to £9,538. Included in this result are aggregate profits of £11,755 earned by Hale Holdings (Cheshire) Limited and Transform Marketing Limited from the date of their acquisition, both of which were made in two tranches on 23 March 1994 and 18 May 1994. The group profit for the year is net of aggregate losses of £84,117 incurred by Transform Medical Group Limited and Grosvenor Supplies Limited which have been merger accounted and of which £367,184 relate to the period post merger. The consolidated profit for the period ended 31 December 1993 of £53,216 relates totally to the activities of Transform Medical Group Limited and Grosvenor Supplies Limited.

The directors do not recommend the payment of a dividend.

**FIXED ASSETS**

Details of movements in fixed assets are set out in notes 6 and 7 to the financial statements.

**DIRECTORS' AND THEIR INTERESTS IN SHARES**

The directors who served during the year were as follows:

J M Ryan  
L T Rydstrom  
J N Burton

The directors who held office at 31 December 1994 had the following interests in the shares of the company at the beginning and end of the financial year:

	£1 ordinary shares fully paid	
	1994	1993
J M Ryan	50	1
L T Rydstrom	50	1
J N Burton	-	-
	==	==

**SHARE CAPITAL**

Details of changes in share capital are set out in note 12 to the financial statements.

**AUDITORS**

From 1 October 1994 our auditors, BDO Binder Hamlyn, practise in the name, Binder Hamlyn and have signed their audit report in their new name. Having indicated their willingness to continue in office Messrs Binder Hamlyn have been re-appointed as auditors of the company for the ensuing year.

This report was approved by the Board on 30 June 1995.

  
N J Curry  
Secretary

# BINDER HAMLYN

4

---

Bank House 9 Charlotte Street  
Manchester M1 4EU  
0161 228 6100 Telephone  
0161 228 6101 Facsimile

## AUDITORS' REPORT

to the members of Double R Holdings Limited

We have audited the financial statements on pages 5 to 22 which have been prepared on the basis of the accounting policies set out on pages 9 and 10.

### Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1994 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Binder Hamlyn*

Chartered Accountants  
Registered Auditors

30 June 1995

GROUP PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 1994

	Notes	Year ended 31 December 1994 £	15 December 1992 to 31 December 1993 £
Turnover	1	7,956,739	4,224,627
Cost of sales		(3,053,497)	(1,779,185)
Gross profit		4,903,242	2,445,442
Selling costs		(2,215,340)	(1,177,882)
Administrative expenses		(3,116,693)	(1,141,181)
Other operating income	2	671,002	-
Operating profit	3	242,211	126,379
Provision for permanent diminution in value of fixed asset investment		(77,205)	-
Profit on ordinary activities before interest		165,006	126,379
Bank interest receivable		14,135	10,041
Interest payable	4	(81,841)	(29)
Profit on ordinary activities before taxation		97,300	136,391
Tax on profit on ordinary activities	5	(87,762)	(83,175)
Profit for the period	13	£9,538	£53,216

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
for the year ended 31 December 1994

The group has no recognised gains or losses for the period other than as reflected in the profit and loss account above.

GROUP BALANCE SHEET  
as at 31 December 1994

	Notes	1994	1993
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	6	1,889,052	191,592
Investments	7	100,000	173,205
		<hr/>	<hr/>
		1,989,052	364,797
<b>CURRENT ASSETS</b>			
Stocks		105,260	2,206
Debtors	8	218,752	799,905
Investments	9	899,168	-
Cash at bank and in hand		18,260	91,692
		<hr/>	<hr/>
		1,241,440	893,803
<b>CREDITORS: amounts falling due within one year</b>	10	(1,782,644)	(1,194,960)
<b>Net Current Assets</b>		<hr/> (541,204) <hr/>	<hr/> (301,157) <hr/>
<b>Total Assets less Current Liabilities</b>		1,447,848	63,640
<b>CREDITORS: amounts falling due after more than one year</b>	10	(973,150)	-
<b>Net Assets</b>		<hr/> £474,698 <hr/>	<hr/> £63,640 <hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	100	47
Share premium account	13	381,578	-
Other reserves	13	20,044	155
Profit and loss account	13	72,976	63,438
		<hr/>	<hr/>
<b>Equity shareholders' Funds</b>	14	<hr/> £474,698 <hr/>	<hr/> £63,640 <hr/>

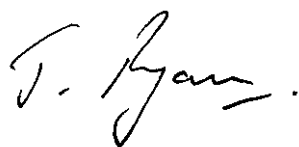
DOUBLE R HOLDINGS LIMITED

7

COMPANY BALANCE SHEET  
as at 31 December 1994

	Notes	1994	1993
		£	£
<b>FIXED ASSETS</b>			
Investments	7	593,587	83
<b>CURRENT ASSETS</b>			
Debtors	8	192,372	2
Investments	9	899,168	-
Cash at bank		423	-
		<hr/>	<hr/>
		1,091,963	2
CREDITORS: amounts falling due within one year	10	(302,434)	(38)
Net Current Assets/(Liabilities)		<hr/>	<hr/>
		789,529	(36)
Total Assets less Current Liabilities		<hr/>	<hr/>
		1,383,116	47
CREDITORS: amounts falling due after more than one year	10	(781,900)	-
Net Assets		<hr/>	<hr/>
		£601,216	£47
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	100	47
Share premium account	13	381,578	-
Profit and loss account	13	219,538	-
		<hr/>	<hr/>
Equity shareholders' Funds		<hr/>	<hr/>
		£601,216	£47

The financial statements on pages 5 to 22 were approved by the Board on 30 June 1995.



J M Ryan  
Director

GROUP CASH FLOW STATEMENT  
for the year ended 31 December 1994

	Notes	Year ended 31 December 1994 £	15 December 1992 to 31 December 1993 £
Net cash inflow from operating activities	15(a)	1,031,158	196,399
Returns on investment and servicing of finance			
Interest received		13,966	10,041
Interest paid		(80,995)	(29)
Interest element of hire purchase payments		-	-
Net cash (outflow)/inflow from servicing of finance		(67,029)	10,012
Taxation			
Corporation tax paid		(31,714)	-
Investing activities			
Payments to acquire fixed assets		(575,036)	(216,110)
Payments to acquire investments		(872,675)	(173,243)
Receipts from sale of fixed assets		85,730	13,500
Purchase of subsidiary undertakings	15(e)	(238,692)	-
Net cash outflow from investing activities		(1,600,673)	(375,853)
Net cash outflow before financing		(668,258)	(169,442)
Financing			
Capital element of hire purchase repayments	15(d)	(19,102)	-
Net increase in loan finance		781,900	-
Net cash inflow from financing		762,798	-
Increase/(decrease) in cash and cash equivalents	15(b)	94,540	£(169,442)

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 1994

---

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

**Turnover**

Turnover represent amounts receivable for goods and services, net of value added tax.

**Basis of consolidation**

The group financial statements consolidate the financial statements of Double R Holdings Limited and all its subsidiary undertakings, with the exception of Bio Cosmetic Laboratories Limited and Focus Marketing Limited, made up to 31 December each year. Bio Cosmetic Laboratories Limited and Focus Marketing Limited were acquired as part of the acquisition of the Transform Medical Group and its affiliated companies and are held exclusively for resale.

No profit and loss account for Double R Holdings Limited has been presented as permitted by section 230 of the Companies act 1985.

**Acquisitions and disposals**

**Results**

During the year, the company acquired all of the issued share capital of Grosvenor Supplies Limited and Transform Medical Group Limited. These acquisitions have been accounted for using the principles of merger accounting and their results have been included for the entire year. Comparatives for the prior year have been stated as if they were subsidiary's undertakings throughout that period also. Otherwise, the results of companies and businesses acquired during the year are dealt with from the date of acquisition using the principles of acquisition accounting.

**Fair value adjustments**

Where a company or business has been accounted for using the principles of acquisition accounting, fair values are attributed to the group's share of the separable net assets acquired. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is recognised as goodwill. Goodwill is written off against a separate reserve in the year of acquisition.

**Investments**

Investments in shares in subsidiary undertakings are stated at cost less provision for permanent diminution in value. Current asset investments are stated at the lower of cost and net realisable value.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1994 (continued)

## 1. ACCOUNTING POLICIES (continued)

## Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, less depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land, at annual rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	- over the life of the lease
Freehold buildings	- 2%
Fixtures, fittings and equipment	- 20%
Motor vehicles	- 25%

## Leasing

Assets obtained under hire purchase contracts which result in the transfer to the company of substantially all the risks and rewards of ownership are capitalised as tangible fixed assets at the estimated present value of underlying lease payments and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payment is charged to the profit and loss account over the period of the hire purchase contract so as to produce a constant periodic rate of charge on the outstanding balance of the net obligation.

Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

## Stocks

Stocks, which comprise raw materials and consumables, are stated at the lower of cost and net realisable value.

## Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

## Pension costs

Certain employees are members of defined contribution pension schemes. The contributions to the schemes are charged to the profit and loss account as they become payable.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1994 (continued)

## 2. OTHER OPERATING INCOME

	Year ended 31 December 1994 £	15 December 1992 to 31 December 1993 £
Management charges receivable from affiliated companies	656,552	-
Rent receivable	11,027	-
Miscellaneous income	3,423	-
	<u>£671,002</u>	<u>£-</u>

## 3. OPERATING PROFIT is stated after charging:

	£	£
Depreciation: owned fixed assets	134,559	10,607
: assets under finance leases	21,028	-
Auditors' remuneration: audit fees	24,700	7,300
: non-audit services	2,718	-
Operating lease rentals: properties	243,121	381
: other leases	12,267	-
	<u>£81,841</u>	<u>£29</u>

## 4. INTEREST PAYABLE

	£	£
Bank overdraft	17,553	29
Loans repayable partly in instalments in more than five years:		
Bank loan	15,022	-
Other loan	49,266	-
	<u>£81,841</u>	<u>£29</u>

## 5. TAXATION

	£	£
UK current year taxation		
Corporation tax at 33%	122,165	83,175
Prior years		
Corporation tax overprovided	(34,403)	-
	<u>£87,762</u>	<u>£83,175</u>

The high charge to tax arises because of expenses which are not allowable for the purposes of determining the taxable profit for the period.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1994 (continued)

## 6. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Freehold land and buildings £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>					
1 January 1994	14,357	125,438	62,945	-	202,740
On acquisition of subsidiaries	-	1,383,213	-	-	1,383,213
Additions	7,927	-	258,317	41,500	307,744
Transfers from affiliated company	33,413	-	330,315	176,677	540,405
Disposals	(5,475)	-	(167,485)	(80,165)	(253,125)
<b>31 December 1994</b>	<b>50,222</b>	<b>1,508,651</b>	<b>484,092</b>	<b>138,012</b>	<b>2,180,977</b>
<b>Depreciation</b>					
1 January 1994	-	1,882	9,266	-	11,148
On acquisition of subsidiaries	-	29,651	-	-	29,651
Transfers from affiliated company	6,744	-	213,391	52,978	273,113
Charge for the year	9,833	14,406	96,845	34,503	155,587
Disposals	(3,315)	-	(147,438)	(26,821)	(177,574)
<b>31 December 1994</b>	<b>13,262</b>	<b>45,939</b>	<b>172,064</b>	<b>60,660</b>	<b>291,925</b>
<b>Net book value</b>					
Owned assets	36,960	1,462,712	312,028	37,324	1,849,024
Leased assets	-	-	-	40,028	40,028
<b>31 December 1994</b>	<b>36,960</b>	<b>1,462,712</b>	<b>312,028</b>	<b>77,352</b>	<b>1,889,052</b>
Owned assets	14,357	123,556	53,679	-	191,592
Leased assets	-	-	-	-	-
<b>31 December 1993</b>	<b>14,357</b>	<b>123,556</b>	<b>53,679</b>	<b>-</b>	<b>191,592</b>

Included in freehold land and buildings are non-depreciable assets of £331,360 (1993 - £331,360).

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1994 (continued)

7. FIXED ASSET INVESTMENTS

(a) Group	Unquoted shares £
Cost	
1 January 1994	173,205
Addition	4,000
	<hr/>
31 December 1994	177,205
	<hr/>
Provision for permanent diminution in value Charge for the period	77,205
	<hr/>
Net book value	
31 December 1994	£100,000
	<hr/>
31 December 1993	£173,205
	<hr/>

The fixed asset investment comprises 25.3% of the ordinary share capital of Doncaster Rovers Football Club Limited, a company registered in England. In the opinion of the directors the group does not exercise significant influence over the company and it is, therefore, not equity accounted for as an associated undertaking.

(b) Company	Shares £
(i) Investment in subsidiary undertakings	
Cost	
1 January 1994	83
Additions	593,504
	<hr/>
31 December 1994	£593,587
	<hr/>
(ii) Principal subsidiary undertakings	

At 31 December 1994

Name	Nature of Business	Ordinary Shares held
Grosvenor Supplies Limited	Investment	£1
Hale Holdings (Cheshire) Limited	Property management	£1
Transform Marketing Limited	Dormant	1p
Transform Medical Group Limited	Cosmetic surgery, therapy and hair replacement	£1

All the subsidiaries are wholly owned and are registered and operate in England.

Subsidiary companies whose profits or assets do not, in the opinion of the directors, principally affect the profit or the assets of the group are not included in the above list.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1994 (continued)

8. DEBTORS	Group		Company	
	1994 £	1993 £	1994 £	1993 £
Trade debtors	15,461	1,042	-	-
Amounts owed by subsidiary undertakings	-	-	192,372	-
Amounts owed by affiliated undertakings	29,002	763,930	-	-
Other debtors	79,508	25,977	-	2
Prepayments and accrued income	94,781	8,956	-	-
	<u>£218,752</u>	<u>£799,905</u>	<u>£192,372</u>	<u>£2</u>

## 9. CURRENT ASSET INVESTMENTS

	1994 £	1993 £
Shares in subsidiary undertakings	<u>£899,168</u>	<u>£-</u>

The investments relate to the cost of acquiring the whole of the issued ordinary share capital of Bio Cosmetic Laboratories Limited and Focus Marketing Limited. Both of these investments have been sold subsequent to the year end for a total consideration, net of costs, of approximately £900,000. The total consideration comprised cash and shares in the purchaser valued at £500,000, the shares being listed on the London Stock Exchange with a market value of 69p each at the date of disposal. The current market value of these shares is 60p reflecting a decrease in the overall carrying value of the investment of £65,000. This decrease in value of the consideration which arose subsequent to the disposal of the investment in the subsidiary undertakings has not been accounted for in these financial statements.

## 10. CREDITORS:

(a) Amounts falling due within one year

	Group		Company	
	1994 £	1993 £	1994 £	1993 £
Bank loan (secured)	15,000	-	-	-
Bank overdraft (secured)	93,162	261,134	-	-
Obligations under finance leases	6,731	-	-	-
Trade creditors	327,637	270,835	-	-
Amounts owed to subsidiary undertakings	-	-	95,548	-
Amounts owed to affiliated undertakings	120,431	157,527	-	38
Corporation tax	217,908	83,175	-	-
Other taxes and social security costs	84,134	208	-	-
Other creditors	434,002	34,967	205,318	-
Accruals and deferred income	483,639	387,114	1,568	-
	<u>£1,782,644</u>	<u>£1,194,960</u>	<u>£302,434</u>	<u>£38</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1994 (continued)

10. CREDITORS (continued)

(b) Amounts falling due after  
more than one year:

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Bank loan (secured)	191,250	-	-	-
Other loan	781,900	-	781,900	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>£973,150</u>	<u>£-</u>	<u>£781,900</u>	<u>£-</u>

(c) Bank loan

The bank loan is repayable by  
instalments as follows:

	£	£	£	£
Within five years	75,000	-	-	-
In more than five years	131,250	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>£206,250</u>	<u>£-</u>	<u>£-</u>	<u>£-</u>

The bank loan is secured by a legal charge over certain freehold properties and by fixed and floating charges. It is repayable in quarterly instalments of £3,750 and interest is charged at 1½% above Libor.

The bank overdraft is secured by a debenture and legal charges over various assets held by group undertakings.

(d) Other loan

The other loan represents a loan from the directors' personal pension scheme. The loan is unsecured and has no specific repayment period. All transactions between the company and the scheme were on an arm's length basis.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1994 (continued)

## 11. DEFERRED TAXATION

Deferred tax provided in the financial statements, and the total potential tax liability including the amounts for which provision has been made calculated at a rate of 33% (1993 - 33%), are as follows:

(a) Group	Provided		Potential	
	1994	1993	1994	1993
	£	£	£	£
Accelerated capital allowances	-	1,410	-	1,410
Other timing differences	-	(1,410)	-	(1,410)
	<u>£-</u>	<u>£-</u>	<u>£-</u>	<u>£-</u>

## (b) Company

There is no liability to deferred taxation either actual or potential with regard to the company.

## 12. SHARE CAPITAL

Authorised and allotted share capital	Authorised		Allotted and called up and fully paid	
	1994	1993	1994	1993
	Number	Number	£	£
£1 Ordinary	<u>1,000</u>	<u>1,000</u>	<u>£100</u>	<u>£47</u>

## Changes in the year

On 23 March 1994, 98 ordinary £1 shares were allotted, being credited as fully paid, in connection with the acquisition of Bio Cosmetic Laboratories Limited, Focus Marketing Limited, Hale Holdings (Cheshire) Limited and Transform Medical Group Limited.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1994 (continued)

## 13. RESERVES

## (a) Group

	Share premium £	Merger reserve £	Capital reserve £	Profit and loss account £
1 January 1994				
- as reported	-	-	-	-
Merger adjustments	-	155	-	63,438
1 January 1994				
- as restated	-	155	-	63,438
Premium on shares issued	381,578	-	-	-
Capital reserve arising on acquisition of subsidiaries (note 16)	-	-	19,889	-
Profit for the year	-	-	-	9,538
31 December 1994	<u>£381,578</u>	<u>£155</u>	<u>£19,889</u>	<u>£72,976</u>
(b) Company				
1 January 1994	-	-	-	-
Premium on shares issued	381,578	-	-	-
Profit for the year	-	-	-	219,538
31 December 1994	<u>£381,578</u>	<u>£-</u>	<u>£-</u>	<u>£219,538</u>

The amount of group profit for the financial year dealt with in the accounts of the parent company was £219,538 (1993 - £Nil).

## 14. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	Year ended 31 December 1994 £	15 December 1992 to 31 December 1993 £
Profit for the period	9,538	53,216
New share capital subscribed	53	45
Premium on shares issued	381,578	-
Capital reserve arising on acquisition of subsidiaries	19,889	-
Net addition to shareholders' funds	<u>411,058</u>	<u>53,261</u>
Opening shareholders' funds	63,640	10,379
Closing shareholders' funds	<u>£474,698</u>	<u>£63,640</u>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1994 (continued)

## 15. NOTES TO CASH FLOW STATEMENT

## (a) Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 31 December 1994 £	15 December 1992 to 31 December 1993 £
Operating profit	242,211	126,379
Depreciation charges	155,587	11,018
Profit on sale of tangible fixed assets	(10,179)	-
Decrease/(increase) in debtors	1,503,474	(789,443)
Increase in stocks	(103,054)	(2,206)
(Decrease)/increase in creditors	(756,881)	850,651
Net cash inflow from operating activities	<u>£1,031,158</u>	<u>£196,399</u>

## (b) Analysis of changes in cash and cash equivalents during the year

	£
1 January 1994	(169,442)
Net cash inflow	<u>94,540</u>
31 December 1994	<u>£(74,902)</u>

## (c) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1994 £	1993 £	Change in year £
Cash in hand	18,260	91,692	(73,432)
Bank overdrafts	<u>(93,162)</u>	<u>(261,134)</u>	<u>167,972</u>
	<u>£(74,902)</u>	<u>£(169,442)</u>	<u>£94,540</u>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1994 (continued)

## 15. NOTES TO CASH FLOW STATEMENT (continued)

## (d) Analysis of changes in financing during the year

	Share capital (including premium) £	Finance lease obligations £	Other loan £
1 January 1994	-	-	-
Cash inflow/(outflow) from financing	-	(19,102)	781,900
Shares issued for non-cash consideration	381,578	-	-
Finance lease obligations of subsidiary undertakings acquired during the year	-	25,833	-
31 December 1994	<u>£381,578</u>	<u>£6,731</u>	<u>£781,900</u>

## (e) Analysis of the net outflow of cash and cash equivalents in respect of the purchase of subsidiary undertakings:

	£
Cash consideration	242,366
Cash at bank and in hand acquired	(8,665)
Bank overdrafts of acquired subsidiary undertakings	4,991
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	<u>£238,692</u>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1994 (continued)

## 16. ACQUISITIONS

The whole of the share capital of Grosvenor Supplies Limited and Transform Medical Group Limited comprising in aggregate 200 £1 ordinary shares was acquired on 23 March 1994 by the issue of 45 £1 ordinary shares. In accordance with sections 131 and 133 of the Companies act 1985, the company has taken no account of any premium on the shares issued and has recorded the cost of the investment at the nominal value of the shares issued. The resulting difference arising on consolidation has been credited to a separate merger reserve.

The following table sets out the fair values of the assets and liabilities of Hale Holdings (Cheshire) Limited and Transform Marketing Limited which were acquired in two stages in March and May 1994. The book values of the assets and liabilities were equal to their fair values.

	£	£
Fixed assets		
Tangible assets		1,353,562
Current assets		
Debtors	922,152	
Cash at bank	8,665	
		<hr/> 930,817
Total assets		<hr/> 2,284,379
Liabilities		
Bank overdraft	4,991	
Bank loan	206,250	
Obligations under finance leases	25,833	
Trade creditors	231,774	
Other creditors	1,058,446	
Accruals	65,007	
Taxation	78,685	
		<hr/>
Total liabilities		(1,670,986)
Net assets		<hr/> 613,393
Consideration		
Cash	242,366	
Shares allotted	351,138	
		<hr/> 593,504
Capital reserve arising on acquisition		<hr/> <hr/> £(19,889)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1994 (continued)

## 17. CONTINGENT LIABILITY

The company has guaranteed the bank borrowings of certain subsidiary undertakings. At 31 December 1994 the amount of the borrowings guaranteed was £93,162.

## 18. FINANCIAL COMMITMENT

## (a) Operating leases

At 31 December 1994 the group had annual commitments under non-cancellable operating leases for office equipment as follows:

Expiry date	31 December 1994		31 December 1993	
	Land and buildings £	Other £	Land and buildings £	Other £
Within one year	195,584	12,267	185,142	-
Between two and five years	236,234	3,718	342,494	-
In over five years	6,406	-	-	-
	<u>£438,224</u>	<u>£15,985</u>	<u>£527,636</u>	<u>£-</u>

## 19. DIRECTORS

Year ended 31 December 1994	15 December 1992 to 31 December 1993
£	£

## (a) Emoluments

The emoluments of directors of the company were:

Fees	<u>£841,627</u>	<u>£29,937</u>
------	-----------------	----------------

## (b) Bandings

£ £

Fees and other emoluments disclosed above, excluding pension contributions, include amounts paid to:

The highest-paid director	<u>£156,098</u>	<u>£15,286</u>
---------------------------	-----------------	----------------

Other directors' emoluments, excluding pension contributions, were in the following ranges

	Number	Number
£0 - £ 5,000	1	1
£10,000 - £15,000	-	1
£140,000 - £145,000	1	-
	=	=

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1994 (continued)

## 20. EMPLOYEES

## (a) Number of employees

The average weekly number of persons, including directors, employed by the company during the period was:

	Year ended 31 December 1994 Number	15 December 1992 to 31 December 1993 Number
Administration	42	-
Counselling	19	-
Medical	83	-
	<hr/>	<hr/>
	144	-
	<hr/>	<hr/>

## (b) Employment costs

	£	£
Wages and salaries	2,100,114	-
Social security costs	197,547	-
Other pension costs	552,264	-
	<hr/>	<hr/>
	£2,849,925	£-
	<hr/>	<hr/>

The group had no employee costs in respect of the period ended 31 December 1993 as all employees were paid by affiliated companies. Following the acquisition of those affiliated companies during the year, the costs now fall within the post acquisition results of the group and are disclosed accordingly.